GENERAL INFORMATION

Purpose of This Package

Use this package to calculate and pay your estimated tax. Estimated tax is the method used to pay tax on income that is not subject to withholding. Examples are income from self-employment, interest, dividends, rents, alimony, royalties, etc. Follow these steps:

- Read the instructions in this packet.
- Complete the worksheet on front.
- Complete an Estimated Tax Voucher (enclosed) if you are required to pay estimated tax.
- Keep a record of your payments.

Who must pay Estimated Tax?

In most cases, you must make estimated tax payments in 1998 if you expect to owe at least \$500 after subtracting any withholding and credits you may have.

If you are required to pay estimated taxes, you must file estimated tax vouchers and pay at least the smaller of:

- ▶100% of your 1997 Montana tax liability (line 53 of Form 2 or line 31 of Form 2S). OR
- ▶90% of your estimated 1998 Montana income tax liability.

Who does not have to pay estimated tax?

Payment of estimated tax is not required if:

- your 1997 tax period covered 12 months and your Montana tax liability was zero, or
- you were not required to file a 1997 Montana tax return, or
- in 1998 you retired and were at least 62 years old (this exception pertains only in the year you retire and the year after), or In 1998 you became disabled, or
- at least 2/3 of your gross income is derived from farming or ranching operations or both, or
- the taxpayer died in 1998 (however, estates are subject to the estimated tax requirements), or
- the tax liability is less than \$500 after credits and/or withholding.

Nonresidents and Part-Year Residents

- Nonresidents and part-year residents who are **not** required to file a Montana individual income tax return are not subject to file estimated tax. If you are required to file, you may be subject to estimated tax.
- Part-year residents of Montana may be subject to file estimated taxes to cover the amount of income that is taxable to Montana.

Complete the Form -IT Payment Coupon below if you are remitting a payment. Do not type your numbers or use dollar signs. Please print your numbers in the blocked areas like this:

Penalty for Underpayment

Note: a 10% underpayment penalty will be assessed if your estimated tax, Old Fund Liability Tax, withholding tax, or a combination is underpaid.

When to pay your estimated tax

Calendar Year TaxpayersYou may prepay all of your estimated tax for tax year 1998 by April 15, 1998, or in four equal amounts by the dates below.

1998 Estimated Payment Schedule:

due April 15, 1998 First payment Second payment due June 15, 1998 due Sept. 15, 1998 Third payment Fourth payment due Jan. 15, 1999

If the installment due date falls on a holiday, payment is due on the next working day Fiscal Year Taxpayers

Due dates for fiscal year filers are the 15th day of the 4th, 6th, and 9th months of the fiscal year and the 1st month of the following fiscal year.

A penalty will not be imposed on any underpayment of the fourth installment if you pay in full the amount computed on the return as payable **and** file the return on or before the last day of the first month following the close of the tax year.

Mail to: Income Tax Division **Department of Revenue** PO Box 6308 Helena, MT 595604-6308

Do not use these coupons to pay your current tax liability.

For Tax Help: 1-406-444-3647 or TDD (Telephone Device for the Deaf) 1-406-444-2830.

If Taxable Income is:				TAX TABLE	If Taxable Income is:	
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Over	But not over	Multiply by	and Subtract = Tax	Over	But not over		Multiply by	and Subtract = Tax
\$ 0	\$1,900	X 2 %	\$ 0	\$15,500	\$19,400	X	7 %	\$ 407
\$1,900	\$3,900	X 3 %	\$ 19	\$19,400	\$27,200	X	8 %	\$ 601
\$ 3,900	\$7,800	X 4 %	\$ 58	\$27,200	\$38,800	X	9 %	\$ 873
\$7,800	\$11,600	X 5 %	\$ 136	\$38,800	\$67,900	X	10 %	\$1,261
\$11,600	\$15,500	X 6 %	\$ 252	\$67,900		X	11 %	\$1,940
Example = taxable income \$2,000 x 3% (.03) = \$60 subtract \$19 = \$41 tax								

1998 - Montana Individual Income Tax Estimated Tax Worksheet

(Keep for Your Records)

Montana Form ESW Rev. 8-97

Note: You may use your 1997 tax liability from line 53 Form 2 or line 31 of Form 2S to estimate your 1998 tax. If you choose this method skip lines 1 through 8 and enter your 1997 tax liability on line 9 below.

~	•		· ·		•		
Se 1.	e instru Enter to	<i>ictions on back of coupons</i> tal amount of Montana adjusted g	gross income expected	l in 1998		1	
2.	Enter estimated amount of A. 1998 itemized deductions or standard deduction.* B. Enter 1997 exemption amount, \$1,550 for each allowable exemption. Total of 2a. and 2b.					2.	
3.	Calculate You are	Calculated by subtracting line 2 from line 1. If zero or less, do not go any further. You are not subject to estimated tax, Do not send in coupons .					
4.	Tax. A. B.	Figure tax on the amount on line 3 by us: Lump Sum Distribution Tax (10% of F	ing the tax table on back. Tederal Lump Sum Distri	bution Tax)	4a. 4b.		
			Total of 4a	. and 4b		4.	
5.	Credits	against tax. Do not include incom	ne tax withholding or	this line		5.	
6.	Subtrac	t line 5 from line 4				6.	
7.	Old Fun (There	d Liability Tax (\$ amount subject is no longer a \$25.00 minimum)	to OFLT X .002 = Ta	x)		7.	
8.	Enter to	otal of lines 6 and 7				8.	
9.	A. B.	Multiply line 8 by 90% Enter 100% of the tax shown on y (line 53 of the 1997 Form 2 or the	e total on line 31 of F Enter the s (If unable	maller of lin to compute	through 9a	9.	
10	A. Calculate the amount of Montana Individual income tax to be withheld in 1998(examples include withholding on wages, pensions, annuities, etc.) B. Amount of your 1997 overpayment applied to 1998 tax C. Enter your calculated Homeowner or Renter Credit for 1998 Total of 10A, 10B, and 10C						
11	to estinated and entitle	11.					
		Paymen	nt Due Dates ⇔	(A) April 15, 1998	(B) June 15, 1998	(C) Sept. 15, 1998	(D) 3 Jan. 15, 1999
12	. Divide the resu	he amount on line 11 by four (4). En lt in columns A, B, C & D on line 12.	ter 12.				
13.	from the	zed income installment. (Request Forme department.) Enter amount from line SA and enter on this line.	m ESA 27c of				
	This is t	e amount from line 12 or 13 whicheve ne payment due for each installment p	eriod. 14.	\$5 920	C	1.1	
	*20% of line 1, but not more than \$2,910 if single, \$5,820 if filing joint, or \$5,820 for head of household.						
Montana Individual Income Tax orm-IT Payment Coupon Please use this coupon to ensure							
		Name	yment Coupor ———	1			your payment
	Curren	t Year Telephone #	6.	Year Ending Date	19	9	
X	Estimat	ed Tax	7. Sa	ocial Security Number			
	Extens	ion DEPARTMENT OF R PO BOX 6309 HELENA MT 59604	8. Am	nount Paid			cents
	Back Ye						

Amended Tax Payment

INSTRUCTIONS-Form ESW

Complete the entire form to ensure your 1998 estimated tax is as accurate as possible to avoid penalties. When estimating your 1998 deductions, it may help to use your 1997 figures if you don't anticipate major changes in 1998.

Line 1. Enter your calculated 1998 Montana adjusted gross income. Montana adjusted gross income is your 1998 Federal adjusted gross income plus or minus any Montana adjustments of income.

Line 2-4. Self explanatory.

- **Line 5**. Enter your calculated 1998 credits against tax. Examples are credit for Elderly Care, College Contribution Credit, and tax paid to other states.
- **Line 7.** Old Fund Liability Tax (OFLT). Multiply qualifying income times .002. There is no longer a \$25.00 minimum.

Line 10.

- a) Use your 1998 payroll receipts received to date to estimate your total 1998 withholding.
- b) Enter any 1997 overpayment carried to 1998 that was not refunded to you.
- c) If you qualify for the Elderly Homeowner/Renter Credit (2EC), enter the anticipated amount of credit. If this credit was claimed in 1997, you may want to use the same figures if no major changes in 1998 income are expected.
- Line 11. Subtract 1998 withholding and credits on line 10 from your 1998 tax liability on line 9. If less than \$500, you are not required to make estimated tax payments. If \$500 or more, subtract line 10 from line 9 to determine the total amount you must pay. Enter this amount on line 11 and complete the remainder of the worksheet.
- Lines 12, 13 & 14. Calculate your payments for each installment. If your tax situation changes, each succeeding installment must be proportionally changed so that the balance of the estimated payment requirement is paid in equal installments over the remaining period.

Note: If the installment due date falls on a holiday, payment is due on the next working day.

Mail to: Income Tax Division Department of Revenue PO Box 6308 Helena, MT 59604-6308

Form-IT		Montana Individu				
		Payment C	Please use this coupon to ensure proper credit of your payment			
		Name	6. Year Ending	100		
1.	Current Year	Telephone #	Date	199 □		
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FOITH	-11	Payment Co	Please use this coupon to ensure proper credit of your payment			
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V						
2.	Estimated Tax		7. Social Security Number			
			Number			
3.	Extension	DEPARTMENT OF REVENUE	8. Amount Paid	cents		
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		Name		proper credit of your payment		
1.	Current Year	Telephone #	6. Year Ending —— Date	199∟		
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